



Jane Dee Hull  
Governor

Phyllis Biedess  
Director

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM**  
*Committed to Excellence in Health Care*

October 26, 1999

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Oct 29 1 12 PM '99  
DIVISION OF MEDICARE  
PHOENIX, ARIZONA

Dear Mr. Fenton and Mr. Chambers:

As requested, AHCCCS has revised Sections 1, 8, and 10 of the KidsCare State Plan to clarify that Native Americans and Alaska Natives are not assessed any cost sharing to participate in the KidsCare program.

In addition, Sections 1, 4, and 9 of the KidsCare State Plan have been amended to show the proposed change to the State Plan's crowd out provisions. Specifically, AHCCCS is requesting that children who have exceeded their lifetime insurance limit be exempt from the mandatory waiting period of six months without group health insurance.

Finally, the following are AHCCCS' responses to your five questions received October 19, 1999:

**Section 7.1.2**

**You have indicated that AHCCCS will not perform an independent clinical study. Do you mean that KidsCare enrollees will not be included in the study conducted on AHCCCS enrollees, or that KidsCare enrollees will be part of this study but just not reported on separately. In general, if AHCCCS cannot provide data of the type described in section 2108(b)(1) separately on KidsCare enrollees at this point, can you project when you might be able to (although we are not requiring that you commit to a specific date?)**

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AHCCCS will perform a clinical study on the combined KidsCare and Medicaid populations. AHCCCS will provide the data as required by Section 2108(b)(1) for the CHIP State Evaluation due March 31, 2000. A clinical study is not required by Section 2108(b)(1).

## Section 9.2

**You have provided very explicit performance goals for the objectives. Do you have baseline data on these measures that will provide comparative information to assess the impact of KidsCare and Medicaid on these same measures (immunizations; well-child care at 15 months and at ages 3, 4, 5, and 6; dental visits, having regular source of care)?**

At this time, AHCCCS does not have any baseline data on immunizations; well child care at 15 months and at ages 3, 4, 5, 6; dental visits and or children with a regular source of care for the KidsCare population. AHCCCS does however have baseline data for these indicators for the Medicaid populations and can assess the impact of Medicaid on these measures. AHCCCS anticipates gathering baseline data beginning with the contract year which began October 1, 1999.

## Section 9.2

**In the last bullet point, the performance goal is worded identically to the strategic objective in the last bullet point in section 9.1. Please list some more specific goals relating to the overall objective of coordinating with other health programs.**

AHCCCS has listed some more specific goals. Please see language of Section 9.2.

## Section 9.3.7.4

**According to Section 7.1, AHCCCS does anticipate doing a member survey (even if the KidsCare population is not separately identified). To be consistent with item 7.1., item 9.3.7.4 should be check as one of the "performance measurements listed that state plans to use"**

AHCCCS has made this change. Please see language of Section 9.3.7.4.

## Section 9.5

**You have checked the box assuring that you will "comply with the annual assessment and evaluation required under Section 10.1 and 10.2." Please briefly describe Arizona's plan for these annual assessments and reports, as required by the template (possibly by reinstating some of the stricken language).**



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AHCCCS has reinstated some of the stricken language. Please see language in Section 9.5.

Sincerely,

Lynn Dunton  
Assistant Director

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Attachment





# Section 1



## General Description and Purpose of the State Child Health Insurance Plan

**Section 1. General Description and Purpose of the State Child Health Plan (Section 2101)**

The state ~~will use~~ uses funds provided under Title XXI primarily for (Check appropriate box):

- 1.1.  Obtaining coverage that meets the requirements for a State Child Health Insurance Plan (Section 2103); **OR**
- 1.2.  Providing expanded benefits under the State's Medicaid plan (Title XIX); **OR**
- 1.3.  A combination of both of the above.

In May 1998, the Arizona legislature approved Senate Bill 1008 (Laws of 1998, Chapter 11) authorizing the implementation of a Title XXI Child Health Insurance Program. This program ~~will be~~ is referred to as KidsCare (see Attachment A). The passage of the legislation was the culmination of many meetings convened by Governor Jane Dee Hull and legislative hearings which provided a venue for the public to testify about the proposal. Additionally, staff from AHCCCS, Arizona's Medicaid program, have met continually with interested parties to discuss the implementation of the program.

Arizona ~~is submitting~~ submitted this Title XXI State Plan to extend health care coverage statewide for children up to the age of 19. The effective date for the State Plan ~~is~~ was October 1, 1997 which ~~will enable~~ enabled the state to prepare for the implementation of the program. ~~Services will be delivered within 60 days from HCFA approval of the State Plan~~ Actual services were rendered beginning November 1, 1998. Income thresholds ~~will be~~ were set at 150% of federal poverty level (FPL) at the beginning of the program. Beginning October 1, 1999 income levels ~~will be~~ were raised to 200% of the FPL. Arizona ~~will not~~ does not impose a resource test for this population. AHCCCS ~~will perform~~ performs all KidsCare eligibility determinations for new applicants and redeterminations of eligibility based on a simplified eligibility process. A process ~~will be~~ has been implemented to determine whether a child is eligible for Medicaid prior to a determination of eligibility for KidsCare.

Arizona ~~will provide~~ provides KidsCare services through established AHCCCS health plans and any state employee Health Maintenance Organizations (HMOs) who elect to participate in the program. These entities are referred to as contractors throughout this document.

All children ~~will~~ have a choice of available contractors and primary care providers in a Geographic Service Area. Additionally, Native Americans can elect to receive services through the Indian Health Center (IHS), 638 tribal facilities or one of the contractors. The KidsCare service package offered by the contractors ~~will be~~ is the same service package offered to state employees by the least expensive commercial HMO. Dental and vision services have been added to the state employee package for children eligible for

KidsCare. AHCCCS ~~will coordinate~~ coordinates outreach activities with the assistance of safety net providers, other state agencies, tribal entities and organizations, advocacy groups and other appropriate entities.

~~In the first year of the program, Copayments are~~ assessed for all members. ~~In the second year of the program, In addition, families with income above 150% of FPL will also be~~ are assessed premiums. ~~However, at no time will a Native American or an Alaska Native be charged a copayment or a premium. However, the~~ The total cost for premiums and copayments will not exceed 5 percent of the family income.

The number of children who will be eligible for the program will be capped based on the available state and federal funding.

~~Once the State Plan is approved, In the future, Arizona will submit additional amendments that will request HCFA approval for Title XXI funding for: a sliding fee scale premium for families with income above 150% of the federal poverty level, will~~ provide an option to offer Medical Savings Accounts as an alternative to benchmark coverage and the authority to pay for employer-sponsored health care coverage for eligible children.

AHCCCS ~~will coordinate~~ coordinates with other private and public programs which provide health care services to children. Arizona does not want to encourage employers or parents to discontinue current insurance coverage for children. Therefore, as a protection against "crowd out", children must be without group health insurance for six months before eligibility will be granted for KidsCare, unless children have exceeded their lifetime insurance limit. In such an event, the six month bare provision will be waived.

# Section 4



## Eligibility Standards and Methodology

Section 4: Eligibility Standards and Methodology. (Section 2102(b))

- Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 5.

4.1. *The following standards may be used to determine eligibility of targeted low-income children for child health assistance under the plan. Please note whether any of the following standards are used and check all that apply. If applicable, describe the criteria that will be used to apply the standard. (Section 2102)(b)(1)(A))*

- 4.1.1.  **Geographic area served by the Plan:** Statewide
- 4.1.2.  **Age:** KidsCare is available to children under 19 years of age. A child reaches age 19 the day before the anniversary of the date of birth. Coverage will continue through the month in which the child turns age 19.
- 4.1.3.  **Income:** The combined gross income of the family household members may not exceed 150% of the FPL for state fiscal year 1999, and 200% of the FPL beginning October 1, 1999. As required by HCFA, certain payments and grants as specified at 20 CFR Part 416, the Appendix to Subpart K, will be excluded when determining gross income.
- See Attachment G for a description of family household income and the methodology for evaluating family income.
- 4.1.4.  **Resources (including any standards relating to spend-downs and disposition of resources):** No resource test.
- 4.1.5.  **Residency:** Arizona residency is required. An Arizona resident is a person who currently lives in Arizona and intends to remain in the state indefinitely. A signature on the application will be required declaring that the family lives in Arizona.
- 4.1.6.  **Disability Status (so long as any standard relating to disability status does not restrict eligibility):** N/A
- 4.1.7.  **Access to or coverage under other health coverage:** A child will not be eligible for KidsCare if the child is:

- Eligible for Medicaid.
- Covered under an employer's group health insurance plan.
- Covered through family or individual health care coverage.
- Eligible for health benefits coverage under a state health benefits plan on the basis of a family member's employment with a public agency (see Attachment H).
- Covered under an employer's group health insurance plan or by private insurance within the last six months and the health insurance coverage was terminated for a reason other than involuntary loss of employment. This exclusion does not apply to newborns or to persons with group health insurance who resigned from employment to avoid termination of employment. This exclusion also does not apply to a child who exceeds his or her lifetime insurance policy limit. There will be no required bare period for children exceeding their lifetime insurance limits.

4.1.8.  **Duration of eligibility:**

AHCCCS will complete an eligibility determination for KidsCare applications no later than 30 days from the date of receipt of a signed, completed application in an AHCCCS eligibility office. Every effort will be made by the agency to make an eligibility determination within seven calendar days from the date the applicant or representative provides all information required to establish eligibility.

The agency will determine eligibility within the 30 day standard except in unusual circumstances. For example:

1. When the agency can not reach a decision because the applicant failed to provide required information or take required actions.
2. If a child appears to be Medicaid eligible and further verification is needed to make the Medicaid determination.

AHCCCS will document the reasons for the delay in the applicant's case record.

Applicants will be given ten calendar days to provide any information necessary to enable AHCCCS to determine the applicant's eligibility. A notice will be provided to the applicant or

the representative outlining the information required and the time frame for providing the information.

Management reports will track all pending applications and the date that the application was received. These management reports will be continually monitored to ensure that action is timely on all pending applications.

All applications will be registered in the automated tracking system within 24-hours of the date of receipt by AHCCCS.

For eligibility determinations completed by the 25th day of the month, KidsCare eligibility will begin with the first day of the month following the month in which the child is determined to meet the eligibility criteria for the program. Children who are determined eligible for the program after the 25th day of the month will be eligible for the program the first day of the second month following the determination of eligibility.

A child who has been determined eligible for KidsCare will be guaranteed an initial 12 months of continuous coverage unless:

- The child, or the child's parent or legal guardian fails to cooperate in meeting the requirements of the program.
- The child's whereabouts are unknown.

The child:

- Attains the age of 19.
- Is no longer a resident of the state.
- Is an inmate of a public institution.
- Is enrolled in Medicaid.
- Is determined to have been ineligible at the time of approval.
- Obtains private or group health insurance.
- Is adopted and no longer qualifies for KidsCare.
- Is a patient in an institution for mental diseases.
- Voluntarily withdraws from the program.

AHCCCS will redetermine eligibility annually based on the same criteria which was used in the initial determination of eligibility. Continuing eligibility after the initial 12-month guaranteed period will be for a 12-month period unless the member no longer meets the KidsCare eligibility criteria. If AHCCCS determines that the child no longer meets the eligibility criteria, or the child, parent or legal guardian fails to respond or cooperate with the redetermination of eligibility, coverage will be terminated.

AHCCCS will send reminder letters to the child, parent or legal guardian about the impending redetermination. In addition, follow-up phone calls will be made to those households who do not respond to the reminder letters.

4.1.9.  **Other standards (identify and describe):**

*Citizenship or Qualified Alien Status.* A child must be a United States citizen or a qualified alien. Unless one of the exceptions listed in P.L. 104-193 is applicable, a child who is a qualified alien who entered the United States on or after August 22, 1996 is not eligible for KidsCare until five years after date of entry into the United States.

*Assignment of Rights.* A child's parent or any individual who has the legal authority to execute assignment of payments for medical care from any first or third party, must make the assignment to AHCCCS.

*Social Security Number.* The application for KidsCare ~~will be~~ is a joint application for Medicaid and KidsCare. AHCCCS ~~will request~~ is requesting a Social Security Number on the KidsCare application but will not deny eligibility for KidsCare due solely to the failure to provide a Social Security Number or refusal to apply for a Social Security Number. However, if the financial screening determines that the child would be eligible for Medicaid if an application were processed and the child, or responsible party, refuses to apply for a Social Security Number necessary to complete the Medicaid application, AHCCCS will deny the KidsCare eligibility. Please see the requirement in Section 4.4.2.

4.2. *The state assures that it has made the following findings with respect to the eligibility standards in its plan: (Section 2102)(b)(1)(B))*

4.2.1.  These standards do not discriminate on the basis of diagnosis.

4.2.2.  ~~When the gross income levels increase to 200% of the FPL, AHCCCS will continue to conduct outreach to all potentially eligible families up to 200% of the FPL, including those with children whose income is below 150% of the FPL. Secondly, If the DES denies children for TANF or other Medicaid-MAO groups or 1931 related groups due to income, these children will be screened for KidsCare eligibility.~~

4.2.3.  These standards do not deny eligibility based on a child having a pre-existing medical condition.

**4.3. Describe the methods of establishing and continuing eligibility and enrollment. (Section 2102)(b)(2))**

The following describes the methods of establishing and continuing eligibility and enrollment.

The child, a family member or legal guardian, will fill out a simple short form application which will be submitted to AHCCCS. If assistance with the application is needed, appropriate personnel will assist the applicant. The short form will also serve as an application for Medicaid. A supplement to the application may be used to obtain additional information necessary to determine Medicaid eligibility if it appears that the child may be eligible for Medicaid. In these instances, specific information may be needed (e.g. resources, proof of deprivation) which is not included on the KidsCare application. AHCCCS will provide assistance in completing the application as needed, both in person and by telephone. The family will submit verification of income and proof of citizenship, or qualified alien status and date of entry, if born outside of the United States.

A newborn of a mother who is eligible and enrolled in the KidsCare Program will be approved for KidsCare coverage unless the newborn is eligible for Medicaid. The newborn's KidsCare will begin with the newborn's date of birth. Prior to approval, the mother will be contacted by telephone to reverify household composition and monthly income. Once approved for KidsCare, the newborn will be enrolled with the mother's provider of care. The mother will be notified by mail of the newborn's enrollment into KidsCare and will be given an opportunity to change providers.

If a member of a family is enrolled in KidsCare and another child is born to the family, the newborn will be enrolled in KidsCare if the family income meets the KidsCare criteria. Eligibility will be prospective on the same basis as the preceding paragraph. The same process will apply to a child who may be reunited with a family.

The child, family member, or legal guardian will be given information about the different providers who are available to provide KidsCare services. The KidsCare providers are:

- AHCCCS health plans, which includes CMDP.
- Any of the state employee HMOs who elect to participate.
- For Native Americans, any of the above or the Indian Health Service or a 638 tribal facility.

Applicants must choose a contractor or the IHS before enrollment into the KidsCare Program. In addition, children eligible for KidsCare can elect to receive direct services from community health centers which will be funded with 100 percent state funds and not Title XXI funds. At a later time, if the child, parent or legal guardian who selected a community health center wants services from a KidsCare contractor, the child will be allowed to enroll with a contractor and receive all KidsCare services.

Written materials about the various contractors and their toll-free telephone numbers will be available with the application form. In addition, the covered services will be outlined in the written materials. If a Native American selects the Indian Health Service or a tribal facility, AHCCCS will provide any KidsCare services not provided by these entities on a fee-for-service basis off-reservation.

The applicant must enter their choice of a provider on the application. Once the application is approved, the applicant will be enrolled with their chosen provider and a notice confirming the choice and a member identification card will be sent to the member. Following enrollment, the contractor will provide a member handbook to the member which contains important information about how to access health care for KidsCare eligible children.

In order to qualify for the KidsCare Program, applicants must permit AHCCCS to release personal and financial information from the application and supporting documents to the DES to determine eligibility for Medicaid, if applicable.

AHCCCS will perform automated system database checks to verify that a child is not covered by Medicaid. The application ~~will~~ includes questions concerning other health insurance coverage. A declaration on the application will be accepted confirming that there is no other health insurance coverage. Eligibility workers will review each application and determine if all eligibility factors are met. Information that is missing will be requested in person, by phone or by mail.

AHCCCS ~~will~~ has published the application form and instructions for completing the form in English and Spanish. Based on the demographics in Arizona of other ethnic groups, AHCCCS does not believe that developing the application in other languages is necessary since no other ethnic group exceeds 3% of the population.

A member ~~will be~~ is allowed to change contractors on an annual basis and when an individual moves into a new geographic area not served by the current contractor. A member can change PCPs at any time. The option to change contractors ~~will be~~ is based on the member's anniversary date which ~~will be~~ is the first day of the month that the member is enrolled into KidsCare. Ten months following the anniversary date, the member will be sent an annual enrollment notice advising that a different contractor may be selected. A list of contractors, with toll-free numbers and the available services, will be included. The member, or parent of the child, will have three weeks to change contractors. If a change is

requested, the effective date is a year from the anniversary date. Enrollees must notify AHCCCS of a change in address or other circumstances that could affect continued eligibility or enrollment.

Children who elect to enroll with IHS or a 638 tribal facility ~~will be~~ are allowed to disenroll at any time upon request and choose a contractor for all KidsCare services. Similarly, Native American children enrolled with a contractor or other provider will be allowed to disenroll at any time upon request and enroll with the IHS.

**4.4. Describe the procedures that assure:**

**4.4.1. *Through intake and follow-up screening, that only targeted low-income children who are ineligible for either Medicaid or other creditable coverage are furnished child health assistance under the state child health plan. (Section 2102)(b)(3)(A))***

AHCCCS ~~will~~ ensures that a child who is not eligible for Medicaid or other creditable coverage, but who meets KidsCare eligibility criteria, is enrolled in KidsCare. AHCCCS ~~will~~ administers both the Medicaid and KidsCare Program. Records of KidsCare eligibility ~~will be~~ are maintained in a data base that is also used for Medicaid eligibility. The data base ~~will be~~ is checked for current Medicaid eligibility before determining KidsCare eligibility. Medicaid eligibility will always override KidsCare eligibility.

A family member, legal representative or the child ~~will be~~ is required to report changes in employer insurance coverage or eligibility for group health insurance or other creditable insurance.

**4.4.2. *That children found through the screening to be eligible for medical assistance under the state Medicaid plan under Title XIX are enrolled for such assistance under such plan. (Section 2102)(b)(3)(B))***

As stated above, AHCCCS ~~will~~ administers both Medicaid and the KidsCare Program and ~~will~~ ensures that any child eligible for Medicaid is enrolled in Medicaid. The application form used for KidsCare ~~will~~ initiates an application for Medicaid which ~~will be~~ is determined simultaneously. ~~As mentioned above,~~ Medicaid eligibility will always override KidsCare eligibility.

**4.4.3. *That the insurance provided under the state child health plan does not substitute for coverage under group health plans. (Section 2102)(b)(3)(C))***

The application process ~~will~~ requests information about group health plan coverage within the past six months. If a child is covered by group health insurance or was covered and the coverage was voluntarily discontinued in the past six months, the child ~~will not be~~ is not eligible for KidsCare unless the child has exceeded the lifetime limit to his or her insurance policy. In such an event, the six months bare will be waived. In addition, exceptions to the six month bare provision will be granted if the coverage was dropped due to involuntary loss of employment, for newborns and for persons who are transitioning from the Premium Sharing Program, Medicaid or the state-funded programs. Involuntary loss of employment includes situations where a person resigns from employment to avoid termination of employment.

An eligibility worker will review the application and ask the parent or responsible party to make a declaration whether the family member or an employer has discontinued employer-sponsored dependent insurance coverage in order to allow a child to participate in the KidsCare Program.

**4.4.4. *The provision of child health assistance to targeted low-income children in the state who are Indians (as defined in section 4(c) of the Indian Health Care Improvement Act, 25 U.S.C. 1603(c). (Section 2102)(b)(3)(D))***

Meetings to discuss the KidsCare Program and outreach strategies have been and will continue to be held with representatives from the three area IHS agencies, the Arizona Inter-tribal Council, which represents 20 of Arizona's 21 Indian Tribes, the Navajo Nation, Urban Indian Centers and the Indian Health Advisory Committee. In addition, the Governor's Office convened a meeting to discuss the KidsCare Program and invited representatives from the 21 tribes. AHCCCS has held subsequent meetings with the tribes to discuss outreach strategies designed to enroll eligible Native American children into KidsCare. See Attachment I for a listing of the tribal entities who have participated in the discussions.

As discussed in Section 3, IHS and participating 638 tribal facilities may provide KidsCare services. In addition, Native American children may choose to enroll with a contractor in their geographic area.

Applications and enrollment information ~~will be~~ are available at IHS and appropriate tribal locations. AHCCCS ~~will~~ also uses Native American events, newspapers, and radio stations as a forum

for outreach. If IHS or tribal staff are willing to assist applicants in completing the KidsCare application, training will be provided by AHCCCS.

AHCCCS has a Native American Coordinator who is available to the tribes for information or presentations.

**4.4.5. *Coordination with other public and private programs providing creditable coverage for low-income children. (Section 2102)(b)(3)(E)***

Please refer to Section 2.2.

# Section 7



## Quality and Appropriateness of Care

**Section 7. Quality and Appropriateness of Care**

- Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 8.

**7.1. Describe the methods (including external and internal monitoring) used to assure the quality and appropriateness of care, particularly with respect to well-baby care, well-child care, and immunizations provided under the plan. (2102(a)(7)(A))**

The KidsCare Program ~~will~~ uses performance measures, quality standards, information strategies and quality improvement studies to assure high quality care for members. The tools ~~will~~ include:

- Quality standards defined in policy and contract
- Annual on-site operational and financial reviews
- ~~Annual~~ Performance indicator and utilization measurement studies
- Compliance with national quality measures
- ~~Member survey~~ (An independent member survey is anticipated to be performed for the Title XIX and Title XXI population together.)

**Will the state utilize any of the following tools to assure quality?  
(Check all that apply and describe the activities for any categories utilized.)**

**7.1.1.  Performance measurement**

AHCCCS ~~will~~ requires contractors to meet the AHCCCS performance measures which ~~were~~ are defined using HEDIS 3.0 as a guide. ~~The indicators are included in the Quality Initiative Report which is submitted quarterly to HCEA (see Attachment L).~~ In particular, performance measurement will focus on the following areas:

- Age appropriate childhood immunizations
- Dental visits
- Well child visits in the first 15 months of life
- Well child visits in the third, fourth, fifth, and sixth year of life
- Access to a regular source of primary care

Indicator	Summary Description
1. Childhood Immunization Rate	The percent of members under age two who were continuously enrolled for 12 months and received recommended immunizations.
2. Annual Dental Exam	The percent of members age 3-19 with at least one dental visit in the reporting year.
3. Well Child Visits Under 15 Months	The percent of children under the age of 15 months who received all recommended well child visits during the reporting year.
4. Well Child Visits for 3, 4, 5 and 6 Year Olds	The percent of children 3-6 who received a well child visit during the last year.

7.1.2.  **Quality standards**

Each contractor ~~will~~ adheres to specific quality/utilization standards established by AHCCCS for the KidsCare Program. A comprehensive plan prepared by the contractor ~~will~~ includes the following components:

- Program monitoring
- Program evaluation
- Member outreach
- Provider education
- Compliance with mandatory components of preventive care visits.

Contractors will participate in an annual review of the KidsCare care program which includes on-site visits by AHCCCS staff to contractors and medical record audits.

~~Each contractor will conduct one clinical study annually. The study shall be specific for children and may encompass such topics as management of children with asthma or otitis media.~~

AHCCCS ~~will~~ monitors compliance with quality assurance standards ~~on an annual basis~~ through an established process of operational and financial reviews for the Medicaid program. The reviews ~~will be~~ are conducted by a review team comprised of AHCCCS staff, ~~and will be specific to~~

~~the KidsCare Program.~~ The reviews are performed on-site through interviews with appropriate personnel and through review of documentation in the following areas:

- Administration and Management
- Provider Services/Network Management
- Grievance and Appeals
- Medical Management
- Quality/Utilization Management
- Dental Services
- Maternal Health/Family Planning
- Behavioral Health
- Delivery System and Access to Care Standards
- Member Services
- Financial

The review tool contains standards from the review areas identified above and provides the basis for assessing contractor performance, as well as identifying areas where improvements can be made or where there are areas of noteworthy performance and accomplishment.

**7.1.3.  Information strategies**

All contractors ~~shall~~ must inform new members about services within ten days of enrollment. Information ~~will~~ includes:

- Benefits of preventive care
- A complete description of services available
- How to obtain these services and assistance with scheduling of appointments
- A statement that there is no copayment or charge for certain services

In addition, both eligibility workers and contractors ~~will be required~~ are required to educate KidsCare Program enrollees about their benefits, rights and responsibilities. This education ~~will focus particularly~~ on the importance of preventive services, such as immunizations and dental visits, health promotion activities and the importance of regular visits to their primary care provider instead of using the emergency room for primary care.

7.1.4. ☒ **Quality improvement strategies**

AHCCCS began a Quality Improvement Initiative in 1995 designed to use encounter data to monitor quality and to test new concepts of quality of care based on many of the recommendations for measurement from the Quality Assurance Reform Initiative (QARI) and HEDIS 3.0. The major components of the Initiative include:

Performance Measures as listed in subsection 7.1.1.

Financial Measures of health plan fiscal viability, management of care, timely payment of claims and documentation of medical expenses.

Member Satisfaction Surveys conducted to provide information on access to care, communication between members and providers, and quality of care.

Provider Satisfaction Surveys designed to assess primary care practitioners satisfaction with the KidsCare Program.

In the future, both the Quality Improvement System for Managed Care (QISMC) and the Consumer Assessment of Health Plans Survey (CAHPS) data may be incorporated into ~~the~~ AHCCCS' Quality Improvement Initiative, as well as any new reporting requirements which may be developed.

7.2. **Describe the methods used, including monitoring, to assure access to covered services, including emergency services. (2102(a)(7)(B)) -**

AHCCCS ~~will~~ requires all contractors to have sufficient provider capacity to absorb the additional KidsCare enrollment. Currently, all rural AHCCCS members have a choice of at least two contractors, ~~except in Apache and Navajo counties where enrollment is capped for one of the two contractors. Members may choose from six contractors in Maricopa County (Phoenix) and four in Pima County (Tucson).~~ It is also possible that additional contractors will be approved for the KidsCare Program.

Contractors are required to meet the AHCCCS contractual standards for network capacity for primary care providers (PCPs). The contractor's number of enrolled members to a full-time equivalent PCP shall not

exceed a ratio of 1:1200 for children 12 and younger and 1:1800 for children over 12. If the PCP contracts with more than one contractor, the ratio shall be adjusted by the contractor to ensure that the total number of KidsCare and Medicaid members assigned to a PCP does not exceed the above ratio.

All Contractors ~~shall~~ have a system in place to monitor and ensure that each member is assigned to an individual PCP and that PCP assignment data is current. The contractor ~~will~~ also monitors the adequacy, accessibility and availability of the provider network and provide encounter data in a form specified by AHCCCS.

In addition, KidsCare enrollees ~~will be~~ are assured access through existing AHCCCS standards for appointment standards for emergency, urgent and routine care, specialty providers, and dentists.

Contractors ~~will~~ provide emergency services facilities adequately staffed by qualified medical professionals to provide emergency care on a 24-hour per day, 7-day per week basis for treatment of medically emergent conditions. Contractors must educate members about the appropriate utilization of emergency room services and monitor utilization by both members and providers.

AHCCCS, through its operational and financial reviews, ~~will~~ monitors contractor compliance with these quality standards.

# Section 8



## Cost Sharing and Payment

**Section 8 Cost Sharing and Payment (Section 2103(e))**

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.

**8.1 Is cost sharing imposed on any of the children covered under the plan?**

8.1.1  Yes

8.1.2  No, skip to question 8.5.

**8.2 Describe the amount of cost sharing and any sliding scale based on income: (Section 2103(e)(1)(A))**

**8.2.1 Premiums:**

On October 1, 1999, AHCCCS ~~will begin~~ began imposing monthly premiums on families whose income exceeded 150 percent of the FPL. In addition, on this date AHCCCS ~~will also~~ raised the income eligibility level to 200 percent of the FPL.

AHCCCS worked collaboratively with KidsCare stakeholders to develop the premium billing proposal based on these goals:

- Insure more children.
- Promote accountability and responsibility.
- Notify KidsCare members of their premium rights and responsibilities.
- Reduce administrative costs and implement a simplified system.
- Have a process that is clear and understandable to the members.

The following is the premium billing and collection process:

- Payments will be accepted on a monthly basis.
- The cost sharing methodology will not favor children from families with higher incomes over families with lower incomes.
- AHCCCS will ensure that premiums are not assessed on Native American or Alaska Native populations.
- AHCCCS will monitor the number of persons who are disenrolled due to nonpayment of premiums and notify KidsCare members about their premium rights and responsibilities.
- The first monthly premium is not required prior to initial enrollment in the program.
- All premium payments are due by the 15<sup>th</sup> day of each month of enrollment.
- If the payment is not made by the due date, a past due notice will be sent with a request for payment no later than the last day of the month.
- If the payment is not received by the 15<sup>th</sup> day of the second month, a ten-day discontinuance letter will be mailed. Services will be

terminated if the delinquent payment is not received the end of the second month. If AHCCCS receives the delinquent payment prior to the end of the second month, there will be no break in coverage.

- Persons will be re-enrolled if all outstanding balances are paid and an updated application is submitted.

The premium amounts are:

**PREMIUM AMOUNTS**

<b>Federal Poverty Levels (FPL)</b>	<b>1<sup>st</sup> Child</b>	<b>More than 1 Child</b>
Above 150% - 175.00%	\$10.00	\$15.00 Total
Above 175% - 200.00%	\$15.00	\$20.00 Total

**8.2.2 Deductibles:** Not applicable

**8.2.3 Coinsurance:** Not applicable

**8.2.4 Other: Copayments**

The AHCCCS Administration will only impose a \$5.00 copayment on the non-emergency use of the emergency room.

**8.3 Describe how the public will be notified of this cost-sharing and any difference based on income:**

Information about cost sharing will be included in the following:

- Outreach and application materials.
- Member handbooks provided by KidsCare contractors.
- *Arizona Administrative Register* and other rulemaking activities conducted by the AHCCCS Administration.
- Native American newsletters and meetings will make clear that the Native American and Alaska Native populations are exempt from paying any cost sharing.

**8.4 The state assures that it has made the following findings with respect to the cost sharing and payment aspects of its plan: (Section 2103(e))**

**8.4.1  Cost sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B))**

**8.4.2  No cost sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2))**

- 8.4.3  **No child in a family with income less than 150% of the FPL will incur cost sharing that is not permitted under 1916(b)(1).**

The AHCCCS Administration ~~will~~ imposes a copayment on the non-emergency use of the emergency room.

- 8.4.4  **No Federal funds will be used toward state matching requirements. (Section 2105(c)(4))**

- 8.4.5  **No premiums or cost sharing will be used toward state matching requirements. (Section 2105 (c)(5))**

- 8.4.6  **No funds under this title will be used for coverage if a private insurer would have been obligated to provide such assistance except for a provision limiting this obligation because the child is eligible under this title. (Section 2105(c)(6)(A))**

- 8.4.7  **Income and resource standards and methodologies for determining Medicaid eligibility are not more restrictive than those applied as of June 1, 1997. (Section 2105(d)(1)).**

- 8.4.8  **No funds provided under this title or coverage funded by this title will include coverage of abortion except if necessary to save the life of the mother or is the pregnancy is the result of an act of rape or incest. (Section 2105(c)(7)(B))**

- 8.4.9  **No funds provided under this title will be used to pay for any abortion or to assist in the purchase, in whole or in part, for coverage that includes abortion (except as described in section 8.4.8, above) (Section 2105(c)(7)(A))**

- 8.5 **Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's annual income for the year involved: (Section 21039(e)(3)(B))**

Families will be advised that the total cost sharing under KidsCare can not exceed five percent of the families' income. Families will be advised to contact AHCCCS if the total cost sharing will exceed the five percent limit. Upon notification, AHCCCS will make changes to the system to stop the imposition of monthly premiums and advise the family that they do not have to pay a \$5.00 copayment if they use the emergency room for a non-emergency condition. Although AHCCCS will have safeguards in place to ensure that the families do not pay more than the five percent limit, the agency believes that this will not be an issue. For example, a family of four with income between 150% and 175% of FPL, with two children enrolled in the program, would have to make 156 visits to

the emergency room while paying the family premium of \$15 a month. Families with higher income levels are even less likely to exceed the five percent limit.

**8.6 The state assures that, with respect to pre-existing medical conditions, one of the following two statements applies to its plan:**

**8.6.1  The state shall not permit the imposition of any pre-existing medical condition exclusion for covered services (Section 2102(b)(1)(B)(ii)); OR**

**8.6.2  The state contracts with a group health plan or group health insurance coverage, or contracts with a group health plan to provide family coverage under a waiver (see Section 6.3.2. of the template.) Pre-existing medical conditions are permitted to the extent allowed by HIPAA/ERISA (Section 2109(a)(1), (2)). Please describe:**

# Section 9



## Strategic Objectives and Performance Goals for the Plan

**Section 9. Strategic Objectives and Performance Goals for the Plan Administration (Section 2107)**

**9.1. Describe strategic objectives for increasing the extent of creditable health coverage among targeted low-income children and other low-income children: (Section 2107(a)(2))**

Arizona has established the following strategic objectives for the KidsCare Program:

- Decrease the percentage of children in Arizona who are uninsured or who do not have a regular source of health care.
- Improve the health status of children enrolled in KidsCare in Arizona through a focus on early preventive and primary care.
- Ensure that KidsCare eligible children in Arizona have access to a regular source of care and ensure utilization of health care by enrolled children.
- Avoid “crowd out” of employer coverage.
- Coordinate with other health care programs providing services to children to ensure a seamless system of coverage.

**9.2. Specify one or more performance goals for each strategic objective identified: (Section 2107(a)(3))**

- Decrease the percentage of children in Arizona who are uninsured. In the first year of the KidsCare Program, decrease the percentage of children with income under 150% of FPL who are uninsured and, in subsequent years, decrease the number of children with income under 200% of FPL who are uninsured.
- Improve the number of KidsCare eligible children who receive preventive and primary care by meeting the goals below:
  1. 80% percent of children under two will receive age appropriate immunizations
  2. 60% percent of children under 15 months will receive the recommended number of well child visits
  3. 60% percent of three, four, five, and six year olds will have at least one well-child visit during the year
  4. 50% percent of children will have at least one dental visit during the year

- Ensure that KidsCare enrolled children receive access to a regular source of care:
  1. 100% of enrolled children will be assigned a PCP
  2. 70% of KidsCare children will see a PCP at least once during the first 12 months of enrollment.
- Screen 100% of applications to determine if the child was covered by employer sponsored insurance within the last six months. If however, a child has exceeded the lifetime limit to his or her employer sponsored insurance policy, the child will not be required to go bare for six months.
- ~~• Coordinate with other health care programs providing services to children to ensure a seamless system of coverage.~~
- Station KidsCare Eligibility Workers in Yuma, Flagstaff and Pima counties to assist with outreach activities and applications and maximize coordination with other health care programs.

**9.3. Describe how performance under the plan will be measured through objective, independently verifiable means and compared against performance goals in order to determine the state's performance, taking into account suggested performance indicators as specified below or other indicators the state develops: (Section 2107(a)(4)(A),(B))**

**Check the applicable suggested performance measurements listed below that the state plans to use: (Section 2107(a)(4))**

- 9.3.1.  **The increase in the percentage of Medicaid-eligible children enrolled in Medicaid.**
- 9.3.2.  **The reduction in the percentage of uninsured children.**
- 9.3.3.  **The increase in the percentage of children with a usual source of care.**
- 9.3.4.  **The extent to which outcome measures show progress on one or more of the health problems identified by the state.**
- 9.3.5.  **HEDIS Measurement Set relevant to children and adolescents younger than 19.**
- 9.3.6.  **Other child appropriate measurement set. List or describe the set used.**

9.3.7.  If not utilizing the entire HEDIS Measurement Set, specify which measures will be collected, such as:

- 9.3.7.1.  Immunizations
- 9.3.7.2.  Well child care
- 9.3.7.3.  Adolescent well visits
- 9.3.7.4.  Satisfaction with care
- 9.3.7.5.  Mental health
- 9.3.7.6.  Dental care
- 9.3.7.7.  Other, please list

~~AHCCCS will report comparable quality indicators for KidsCare. This will be a separate report from the reports submitted for Medicaid.~~

9.3.8.  Performance measures for special targeted populations.

9.4.  The state assures it will collect all data, maintain records and furnish reports to the Secretary at the times and in the standardized format that the Secretary requires. (Section 2107(b)(1))

9.5.  The state assures it will comply with the annual assessment and evaluation required under Section 10.1. and 10.2. (see Section 10) Briefly describe the state's plan for these annual assessments and reports. (Section 2107(b)(2))

#### Annual Reports

AHCCCS will perform the annual assessments and evaluations required in Section 10.1. The annual report will include an assessment and update on the operation of the KidsCare Program, including the increase in the percentage of Medicaid eligible children enrolled in Medicaid and the reduction in the percentage of uninsured children. The baseline number of uninsured children will be calculated from CPS data.

As addressed in Section 7.1.2, AHCCCS will measure the KidsCare Program's progress toward meeting its strategic objectives and performance goals through an evaluation of the contractors using encounter data and medical chart audits, with particular emphasis on preventive and primary care measures.

In addition, annual Operational and Financial Reviews of the KidsCare contractors and reviews of the Quality Management Plans addressing quality standards and how contractors propose to meet those standards

will assist AHCCCS in ensuring the quality of health coverage. ~~These reviews will be distinct from the Medicaid reviews.~~

- 9.6.  The state assures it will provide the Secretary with access to any records or information relating to the plan for purposes of review of audit. (Section 2107(b)(3))
- 9.7.  The state assures that, in developing performance measures, it will modify those measures to meet national requirements when such requirements are developed.
- 9.8. The state assures, to the extent they apply, that the following provisions of the Social Security Act will apply under Title XXI, to the same extent they apply to a state under Title XIX: (Section 2107(e))

9.8.1.  Section 1902(a)(4)(C) (relating to conflict of interest standards)

9.8.2.  Paragraphs (2), (16) and (17) of Section 1903(i) (relating to limitations on payment)

9.8.3.  Section 1903(w) (relating to limitations on provider donations and taxes)

9.8.4.  Section 1115 (relating to waiver authority)

AHCCCS has an 1115 Research and Demonstration Waiver

9.8.5.  Section 1116 (relating to administrative and judicial review), but only insofar as consistent with Title XXI

9.8.6.  Section 1124 (relating to disclosure of ownership and related information)

9.8.7.  Section 1126 (relating to disclosure of information about certain convicted individuals)

9.8.8.  Section 1128A (relating to civil monetary penalties)

9.8.9.  Section 1128B(d) (relating to criminal penalties for certain additional charges)

9.8.10.  Section 1132 (relating to periods within which claims shall be filed)

**9.9. Describe the process used by the state to accomplish involvement of the public in the design and implementation of the plan and the method for insuring ongoing public involvement. (Section 2107(c))**

Arizona has developed a collaborative process with many interested parties in the design, implementation and evaluation of the KidsCare State Plan. The state has a process for conducting a statewide collaborative effort to provide the community with awareness, education and an opportunity to shape the KidsCare Program (see Attachment N). The Children's Action Alliance also held public forums to discuss the parameters of the KidsCare Program.

In December 1997, the Governor convened a KidsCare Task Force consisting of state legislators, state agencies, representatives from the hospital and medical industry, advocacy organizations and tribal organization to develop recommendations about how targeted, low-income children could best be served by the funds available under Title XXI. The members of this task force are identified in Attachment O. The Governor's Office also convened a special meeting for the 21 Arizona tribes to discuss tribal issues.

The Governor worked with key legislators and other interested parties to introduce legislation on KidsCare. This legislation and the public hearings provided significant opportunities for state legislators and the public to comment and participate in the development of the KidsCare Program. In these legislative hearings, there has been overwhelming support from the community as evidenced by the testimony in support of the program. In addition to the legislative hearings, the community has endorsed this KidsCare Program as shown in Attachment P.

AHCCCS convened two public hearings to discuss the proposed State Plan. Over 275 persons were sent a copy of the State Plan and invited to the hearings. Over 70 persons attended the hearings which included an overview of the State Plan and an open forum for comments, questions and answers. The majority of the discussion involved questions about the operation of the program or the potential for state legislative changes which were answered at the hearing. The suggestions for changes to the State Plan and comments from AHCCCS are summarized in Attachment Q. The Attachment does not include the many questions which were asked and answered.

As part of Senate Bill 1008, the legislature ~~will~~ requires annual reports beginning January 1, 2000, containing the following information:

1. The number of children served by the program.
2. The state and federal expenditures for the program for the previous fiscal year.
3. A comparison of the expenditures for the previous fiscal year with the expected federal funding for the next fiscal year.
4. Whether the federal funding for the next fiscal years will be sufficient to provide services at the current percentage of the FPL or whether an enrollment cap may be needed.
5. Any recommendations for changes to the program will be submitted to the Governor, the President of the Senate, Speaker of the House of Representatives, Secretary of State, the Director of the Department of Library, Archives and Public Records so they can monitor the implementation and evaluation of the program.

The legislation also established a Joint Legislative Study Committee on the Integration of Health Care Services which will report on how best to integrate and maximize services for children in this state.

As part of the public process, AHCCCS held two public hearings on the proposed State Plan to provide the public with an opportunity to comment and will also hold public hearings on all ~~the~~ proposed rules for this program.

AHCCCS has included KidsCare as a regular agenda item for discussion with the State Medicaid Advisory Committee and is working closely with health plans who will be responsible for the delivery of services through the following forums:

- AHCCCS Health Plan meetings
- Medical Directors' meetings
- Quality Management and Maternal Child Health meetings
- Other types of meetings (e.g., one-on-one meetings, rule meetings and State Plan meetings).

The Governor's Office and AHCCCS have made numerous presentations to the community on the KidsCare Program (see Attachment R).

**9.10. Provide a budget for this program. Include details on the planned use of funds and sources of the non-Federal share of plan expenditures. (Section 2107(d))**

See Attachment S for the KidsCare budget. The state share of the program will be funded with monies from the Tobacco Tax Fund.

## TOBACCO SETTLEMENT PROPOSALS

*Two lawsuits are stalling settlement monies.*

- Counties have sued for a bigger share of the settlement fund.
- Importers, wholesalers and discounters of cigarettes have sued alleging that the terms of the settlement agreement is unfair restraint of their trade.

*Amount Arizona will receive - \$2.8 billion over 25 years*

The following proposals have been discussed. Reportedly Speaker Burns and President Groskost are also working on proposals and probably other legislators.

### **Governor Hull's PATH Proposal from January 1999**

Arizona Health Trust Fund for:

- Tobacco education and research
- Services

ASH

State Health Laboratory

Construction grants for rural clinics and community health centers

Local health programs

Fund items currently funded by tobacco tax:

- KidsCare
- Premium Sharing
- DHS Primary Care
- \$10M Hospital Discount
- Quick Pay phase-down
- Maternity Length of Stay
- Protease Inhibitors
- Healthcare Group

### **Healthy Arizona Initiative (Nichols)**

Covers persons up to 100% of FPL

No 1115 waiver to cover non-categorical expansion population – no federal funds either State Plan for 1931(b) expansion (TANF)

No cap

MN/MI still 100% state-funded

Funding from settlement monies, federal funds and General Fund, if needed

### **Initiative (AzAHA)**

Uses tobacco tax and tobacco settlement monies

Monies will be used for:

- Prevention, education and research
- Smart Beginnings
- Operating capital (ASH)
- Program operations
- Medically Needy account – population expansions under AHCCCS, CHIP, health crisis, behavioral health and hospice
- Fund tobacco tax programs

# Section 10



## Annual Reports and Evaluations

**Section 10. Annual Reports and Evaluations (Section 2108)**

**10.1. Annual Reports. The state assures that it will assess the operation of the state plan under this Title in each fiscal year, including: (Section 2108(a)(1),(2))**

**10.1.1.  The progress made in reducing the number of uncovered low-income children and report to the Secretary by January 1 following the end of the fiscal year on the result of the assessment, and**

**10.1.2.  Report to the Secretary, January 1 following the end of the fiscal year, on the result of the assessment.**

**10.2.  State Evaluations. The state assures that by March 31, 2000 it will submit to the Secretary an evaluation of each of the items described and listed below: (Section 2108(b)(A)-(H))**

**10.2.1.  An assessment of the effectiveness of the state plan in increasing the number of children with creditable health coverage.**

**10.2.2.  A description and analysis of the effectiveness of elements of the state plan, including:**

**10.2.2.1.  The characteristics of the children and families assisted under the state plan including age of the children, family income, and the assisted child's access to or coverage by other health insurance prior to the state plan and after eligibility for the state plan ends;**

**10.2.2.2.  The quality of health coverage provided including the types of benefits provided;**

**10.2.2.3.  The amount and level (including payment of part or all of any premium) of assistance provided by the state;**

No premium will be assessed to Native American and Alaska Native populations.

**10.2.2.4.  The service area of the state plan;**

**10.2.2.5.  The time limits for coverage of a child under the state plan;**

- 10.2.2.6.  The state's choice of health benefits coverage and other methods used for providing child health assistance, and
- 10.2.2.7.  The sources of non-Federal funding used in the state plan.
- 10.2.3.  An assessment of the effectiveness of other public and private programs in the state in increasing the availability of affordable quality individual and family health insurance for children.
- 10.2.4.  A review and assessment of state activities to coordinate the plan under this Title with other public and private programs providing health care and health care financing, including Medicaid and maternal and child health services.
- 10.2.5.  An analysis of changes and trends in the state that affect the provision of accessible, affordable, quality health insurance and health care to children.
- 10.2.6.  A description of any plans the state has for improving the availability of health insurance and health care for children.
- 10.2.7.  Recommendations for improving the program under this Title.
- 10.2.8.  Any other matters the state and the Secretary consider appropriate.
- 10.3.  The state assures it will comply with future reporting requirements as they are developed.
- 10.4.  The state assures that it will comply with all applicable Federal laws and regulations, including but not limited to Federal grant requirements and Federal reporting requirements.